

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7268

Petition of Catamount/Bolton Water and Sewer,)
LLC., pursuant to 30 V.S.A. § 108, for Consent)
to issue evidence of indebtedness for the)
purpose of financing certain upgrades to its)
water system)

Order entered: 10/15/2010

ORDER RE: MOTION TO AMEND

I. BACKGROUND

On September 2, 2010, Catamount/Bolton Water and Sewer, LLC ("Catamount") filed a letter with the Vermont Public Service Board ("Board") requesting an amendment to Catamount's previous financing petition approved by the Board in this docket on March 8, 2007. In its original Order, the Board approved financing for Catamount in an amount not to exceed \$660,397 to be provided by the State of Vermont's Drinking Water State Revolving Loan Fund Program ("DWRLF") to fund certain upgrades to Catamount's water system and to find and develop adequate groundwater sources to replace existing surface-water sources (the "Project"). The financing will be administered through the Vermont Economic Development Authority ("VEDA").

In its proposed amendment, Catamount is requesting authorization to incur total indebtedness of \$860,770 (representing an increase of \$200,373) through the DWRLF program to complete the upgrades to its water system. The terms of the financing remain unchanged from the Board's original Order of 2007.¹ Catamount represents that it is currently operating under a Temporary Operating Permit which requires that the Project be completed by December 1, 2010. Catamount's letter was supported by a Cost Estimate Summary prepared by VHB Pioneer Engineering. In this proceeding, we treat Catamount's letter as a motion to amend the petition.

1. The term of the loan is twenty years with an annual interest rate of no more than three percent. Docket No.7268, Order of 3/8/07 at 3.

On September 9, 2010, the Department of Public Service ("Department") informed the Board that it has reviewed Catamount's request and believes that the proposed financing, as amended, is consistent with the general good of the state, and recommends approval of the request without a hearing.

On September 16, 2010, the Clerk of the Board issued a memorandum informing Catamount that additional information concerning cost overruns for the Project, and a status update for construction of the Project, were needed in order to complete the review of Catamount's motion.

Catamount filed the additional information on September 22, 2010. In its filing, Catamount represents that the final design of the Project experienced delays due to two new wells drilled in 2008 and 2009 that failed to produce sufficient amounts of water. As a result, additional wells were located and drilled in 2009 at a greater distance down Bolton Mountain necessitating a new engineering plan and water system design. Because of the Project redesign, costs escalated and Catamount now anticipates that an increase in rates will be required to cover debt service which will increase to a total of approximately \$5,000 per month as a result of the requested increase in the financing.²

II. DISCUSSION & CONCLUSION

We have reviewed the motion to amend and accompanying documents. We conclude that Catamount's request to amend the Board's previous approval for financing granted in this docket will be consistent with the public good. We therefore grant approval of Catamount's request to increase the amount of financing for completion of the Project to an amount not to exceed \$860,770 and that such approval may occur without hearing. All other conditions as set out in the Board's previous Order of March 8, 2007, remain unchanged and in full effect. In particular, we remind Catamount that this approval for financing does not constitute approval of cost recovery of the increased Project costs through increased rates.

SO ORDERED

2. At the time of its original request for financing, Catamount had represented that its projected debt service of \$2,850 per month would be offset by cost savings of approximately \$28,900 per year associated with the previous offsite treatment and transport of water. *Id.*

Dated at Montpelier, Vermont, this 15th day of October, 2010.

<u>s/ James Volz</u>)	
)	PUBLIC SERVICE
)	
<u>s/ David C. Coen</u>)	BOARD
)	
)	OF VERMONT
<u>s/ John D. Burke</u>)	

OFFICE OF THE CLERK

FILED: October 15, 2010

ATTEST: s/ Judith C. Whitney
Deputy Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.